

## Message Text

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PAGE 01 ROME 03075 01 OF 02 162144Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04  
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05  
PA-01 SP-02 SS-15 USIA-06 TRSE-00 /074 W  
-----053166 162241Z /73-65

R 161845Z FEB 78  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 679  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
USCINCEUR VAIHINGEN, GERMANY  
USDOCOSOUTH  
AMCONSUL GENOA  
AMCONSUL MILAN  
AMCONSUL NAPLES  
AMCONSUL TURIN POUCH  
AMCONSUL PALERMO

LIMITED OFFICIAL USE SECTION 1 OF 2 ROME 3075

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USOECN ALSO FOR EMBASSY  
USDOCOSOUTH FOR INTAF

E.O. 11652: NA  
TAGS: ELAB, PINT, IT  
SUBJECT: LABOR ASSEMBLY APPROVES MODERATE POLICY DOCUMENT

REF: A) ROME 0890 B) ROME 1067 C) ROME 1436 D) ROME 1560  
E) ROME 1753

1. SUMMARY. THE NATIONAL LABOR ASSEMBLY OF THE TRI-  
CONFEDERATIONAL CCU CONCLUDED LATE ON FEBRUARY 15 WITH  
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PAGE 02 ROME 03075 01 OF 02 162144Z

OVERWHELMING APPROVAL OF THE (ESSENTIALLY UNCHANGED)  
MODERATE POLICY DOCUMENT ORIGINALLY ENUNCIATED BY THE CCU  
EXECUTIVE COMMITTEE ON JANUARY 14. IN GENERAL, LABOR  
OFFERS WAGE RESTRAINT AND WAGE INCREASE DEFERRALS, SOME LABOR  
MOBILITY, AND REDUCED RESORT TO STRIKES, AS WELL AS  
AGREEMENT TO SPECIFIC LIMITS ON THE PUBLIC BUDGET DEFICIT,  
UTILITY RATE INCREASES, TAX INCREASES AND A FAIR RENT

BILL. IN EXCHANGE, LABOR DEMANDS THAT A COHERENT PROGRAM FOR THE ACHIEVEMENT OF FULL EMPLOYMENT, ABOVE ALL THE CREATION OF JOBS FOR THE LARGE NUMBER OF UNEMPLOYED YOUTH, BE THE TOP PRIORITY OF THE NEW GOVERNMENT BEING FORMED. THOUGH LABOR DENIES THAT A SOCIAL CONTRACT IS BEING OFFERED, THE PROPOSAL CONTAINS THE INGREDIENTS THAT SUCH A CONTRACT WOULD BE EXPECTED TO INCLUDE. THE OUTCOME OF THE ASSEMBLY IS REGARDED AS A VICTORY FOR THE "LAMA LINE," I.E., THE POSITIVE INTERPRETATIONS OF LABOR'S PROPOSALS OFFERED BY THE CGIL CHIEF IN HIS JANUARY 24 INTERVIEW.

2. THE NATIONAL LABOR ASSEMBLY, HELD IN ROME FEBRUARY 14-15, FOR THE PURPOSE OF GIVING FINAL SHAPE TO THE NEW LABOR POLICY, GAVE OVERWHELMING APPROVAL TO A POLICY DOCUMENT PLEDGING LABOR TO MODERATION IN EXCHANGE FOR A COHERENT PLAN AIMED AT ACHIEVING FULL EMPLOYMENT. THE DOCUMENT, NOT YET AVAILABLE TO US, IS SAID TO BE UNCHANGED IN ANY IMPORTANT RESPECT FROM THE ONE APPROVED INITIALLY BY THE EXECUTIVE COMMITTEE OF THE FEDERATION CGIL-CISL-UIL (CCU) ON JANUARY 14. THIS DOCUMENT SUBSEQUENTLY BECAME THE SUBJECT OF CONSIDERABLE DISCUSSION WHEN CGIL SECRETARY GENERAL LAMA, IN A NEWSPAPER INTERVIEW, GAVE IT AN INTERPRETATION WHICH WAS CONSIDERABLY MORE FORTHCOMING AND COOPERATIVE THAN A NUMBER OF ITS FRAMERS HAD EVIDENTLY INTENDED. THUS, THE OUTCOME OF THE ASSEMBLY IS GENERALLY BEING REGARDED AS A VICTORY FOR THE "LAMA LINE". THE FINAL VOTE WAS 1342 LIMITED OFFICIAL USE

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PAGE 03 ROME 03075 01 OF 02 162144Z

IN FAVOR, 12 OPPOSED AND 103 (HALF OF THEM ALLEGEDLY FROM CISL) ABSTENTIONS.

3. LABOR'S NEW POSTURE IS BEING WIDELY HAILED IN THE PRESS, NOTABLY INCLUDING MODERATE IL EMPO., AS A HISTORIC SHIFT IN LABOR'S ATTITUDE. BASICALLY, WHAT LABOR IS OFFERING IS A FUNDAMENTAL SHIFT FROM A POLICY OF PERENNIAL MAXIMUM WAGE AND FRINGE BENEFIT DEMAND TO WHAT MAY POTENTIALLY BE REGARDED, IN ALL BUT NAME, AS A SOCIAL CONTRACT TO ASSIST IN REINVIGORATING THE ITALIAN ECONOMY, WITH A PARTICULAR EMPHASIS ON SEEKING FULL EMPLOYMENT FOR THE GROWING RANKS OF FRUSTRATED FIRST-TIME JOB SEEKERS.

4. THOUGH THE DETAILS OF THE LABOR DOCUMENT WILL BE ANALYZED WHEN IT IS AVAILABLE, THE ESSENTIAL ELEMENTS INCLUDE WAGE AND SALARY RESTRAINT, SOME LABOR MOBILITY, REDUCED RESORT TO STRIKE ACTION, AS WELL AS LABOR AGREEMENT TO FIXED LIMITS ON THE PUBLIC BUDGET, UTILITY RATE INCREASES, TAX HIKES, AND THE CURRENT DRAFT, WITH SLIGHT MODIFICATIONS, OF THE FAIR RENT BILL (I.E., ELIMINATION OF RENT FREEZES). WITH RESPECT TO WAGE RESTRAINT, ONE HEARS OF LIMITING

WAGE HIKES TO A MAXIMUM OF 25-30,000 LIRE (ABOUT \$35) PER MONTH, TO BE PHASED OVER A THREE-YEAR PERIOD, FOR CONTRACTS EXPIRING THIS YEAR--CONTRACTS WHICH INVOLVE NEARLY 5 AND ONE HALF MILLION WORKERS. ONE ALTERNATIVELY HEARS OF LIMITING WAGE DEMANDS TO THE LEVEL OF INFLATION, I.E., A CONSCIOUS INTENT TO FORESWEAR INCREASES IN REAL WAGES. THOUGH THE CCU PROPOSAL ON LABOR MOBILITY IS NOT SPECIFIC, THERE IS CLEARLY AN INTENT TO ALLOW EMPLOYERS WITH REDUNDANT MANPOWER RELIEF FROM THEIR PAYROLL BURDENS, PROBABLY THROUGH A LABOR EXCHANGE SYSTEM WHICH WOULD USE SOME VARIANT OF THE WAGE SUPPLEMENT FUND (CASSA INTEGRAZIONE) AS AN INTERMEDIATE "PARKING AREA" FOR WORKERS BETWEEN JOBS. LABOR HAS ALSO PLEDGED ITSELF TO COOPERATE IN ERADICATING ABUSES OF THE WAGE LIMITED OFFICIAL USE

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PAGE 04 ROME 03075 01 OF 02 162144Z

SUPPLEMENT FUND, E.G., THE WIDESPREAD PRACTICE OF MOONLIGHTING ON THE PART OF WORKERS ENJOYING FUND BENEFITS.

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PAGE 01 ROME 03075 02 OF 02 162222Z  
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LIMITED OFFICIAL USE SECTION 2 OF 2 ROME 3075

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5. LABOR'S EXPLICIT PRICE FOR THE PACKAGE IS A CREDIBLE NATIONAL PROGRAM FOR THE ACHIEVEMENT OF FULL EMPLOYMENT, WITH SPECIAL EMPHASIS ON WORKABLE PLANS FOR THE EMPLOYMENT OF THE MORE THAN ONE MILLION YOUNG PEOPLE SAID CURRENTLY TO BE SEEKING VAINLY THEIR FIRST EMPLOYMENT. SUCH A PROGRAM IS TO BE THE NEW GOVERNMENT'S TOP PRIORITY ACCORDING TO THE CCU DOCUMENT. THE COMPONENTS OF SUCH A PROGRAM HAVE NOT BEEN CLEARLY OUTLINED, ALTHOUGH THE CCU DOCUMENT DOES CALL FOR "MASSIVE PUBLIC INVESTMENTS"

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PAGE 02 ROME 03075 02 OF 02 162222Z

IN AGRICULTURE, DESIGNED BOTH TO RENDER THE FARMING SECTOR COMPETITIVE AND TO CREATE JOBS IN AGRICULTURE.

6. COMMENT: THERE MAY WELL BE AN ADDITIONAL PRICE. THOUGH CGIL CHIEF LAMA, IN HIS JANUARY 24 INTERVIEW AND AGAIN DURING THE RECENT ASSEMBLY, STATED THAT LABOR FAVORED THESE MODERATE POLICIES REGARDLESS OF THE MAKE-UP OF THE NEW GOVERNMENT, HE ALSO SAID THE FOLLOWING TO THE LABOR ASSEMBLY: "THE STRENGTH OF THE WORKING CLASS, DEAR COMRADES, WILL BE MEASURED BY OUR PRACTICAL BEHAVIOR WITHIN THE NEXT FEW DAYS IN RELATION TO THE ELABORATION OF THE GOVERNMENTAL PROGRAM AND THE IDENTITY OF THE POLITICAL COMPLEX WHICH WILL SUPPORT THE PROGRAM..." THIS CONSCIOUSLY AMBIGUOUS STATEMENT HAS LED MANY TO CONCLUDE THAT LAMA WAS SAYING THAT A MODERATE LABOR POLICY IS REQUIRED IN ORDER TO ENABLE LABOR TO EXERT MAXIMUM INFLUENCE, INTER ALIA, ON THE MAKEUP OF THE GOVERNMENT PRIME MINISTER ANDREOTTI IS SEEKING TO FORM. SINCE LAMA IS A COMMUNIST, AND THE EXTENT OF COMMUNIST INVOLVEMENT IN THE NEW GOVERNMENT IS THE MAJOR PROBLEM FACING ANDREOTTI, ONE MIGHT REASONABLY CONCLUDE THAT LABOR MODERATION AND COOPERATION IS DEPENDENT AFTER ALL ON THE MAKEUP OF THE GOVERNMENT, AS WELL AS ITS PROGRAM.

6. THIS SAME THEME EMERGES FROM THE COMMENT BY CISL MODERATE LEADER, PAOLO SARTORI. HE DESCRIBES LABOR'S SHIFT AS "POSITIVE," EVEN IF "WE REGRET THAT THOSE OF US WHO ADVOCATED THESE POLICIES YEARS AGO WERE CONDEMNED BY THOSE WHO NOW JOIN US IN EMBRACING THEM". SARTORI GOES ON TO SAY: WE STILL HAVE SOME DOUBTS "ABOUT THE PERMANENCE OF THE SUPPORT" TO THESE PRINCIPLES BY THOSE

"WHO SEEM TO WISH TO TIE AUSTERITY AND TRADE UNION  
MATURITY, TO PUT IT WITH EXTREME FRANKNESS, TO THE  
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PAGE 03 ROME 03075 02 OF 02 162222Z

INTERESTS OF THE PCI AND NOT TO THE GENERAL INTEREST OF  
THE NATION AND THE WORKERS". THESE SAME RESERVATIONS  
HAVE BEEN EXPRESSED BY SOME MANAGEMENT SPOKESMEN,  
ALTHOUGH IN GENERAL THE LABOR PROPOSALS ARE BEING  
WELCOMED VERY POSITIVELY.

7. VARIOUS SPOKESMEN DURING THE TWO-DAY ASSEMBLY WERE  
AT PAINS TO INSIST THAT LABOR WAS NOT OFFERING A SOCIAL  
CONTRACT, ADDUCING A VARIETY OF LARGELY IRRELEVANT  
REASONS AS TO WHY SUCH WAS NOT POSSIBLE IN ITALY. NEVER-  
THELESS, WHAT LABOR OFFERS AND WHAT LABOR REQUIRES IN EXCHANGE  
WOULD SEEM TO CONSTITUTE JUST SUCH AN ACCORD, BY WHATEVER  
NAME THEY CHOOSE TO CALL IT. PERHAPS THE LABOR EDITOR  
OF THE ROME DAILY, IL MESSAGGERO, HAS PUT HIS FINGER ON IT.  
HE WRITES THAT "LABOR HAS GIVEN BIRTH TO EUROTRADEUNIONISM  
(A PLAY ON THE FACT THAT ASSEMBLY WAS HELD IN THE  
ROME DISTRICT EUR). THE MAMA IS THE CCU; THE IDENTITY  
OF THE PAPA IS UNCERTAIN, BUT RUMORS INSIST IT IS THE  
HISTORIC COMPROMISE. IN ANY EVENT, LUCIANO LAMA IS THE  
GODFATHER". GARDNER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** UNION GOVERNMENT RELATIONS, DOCUMENTS, LABOR UNIONS, LABOR OBJECTIVES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition History:** n/a  
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**Errors:** N/A  
**Expiration:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
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**Subject:** LABOR ASSEMBLY APPROVES MODERATE POLICY DOCUMENT  
**TAGS:** ELAB, PINT, IT, CCU  
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**Type:** TE  
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**Review Markings:**  
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